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GAIN Report #MY0044

## Malaysia

### Oilseeds and Products

### Oilseeds and Products Update (Sep)

**2000**

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#### **Report Highlights:**

**Malaysia's CPO production rose 12 percent to 951 TMT in August, 2000, contributing to an increase in the stock level at the end of August. PO exports rose marginally and CPO prices remained bearish during August.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Kuala Lumpur [MY1], MY

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## **Executive Summary**

### **Production**

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production in August, 2000 rose 12 percent to 951 TMT. Output in the Peninsula increased by 7 percent while East Malaysia's production rose 25 percent. Compared to August 1999, output during August 2000 was 2 percent lower, the fifth consecutive year-to-year decline since March, 1999. However, the decline has narrowed from a sharp 12 percent drop in the previous month. The palms are slowly recovering from stress which was the result of 12 months of robust growth from April, 1999 to March, 2000. While CPO output for the Oct - Dec quarter is expected to be marginally higher than that of the Jul - Sep quarter, it is still likely to be 1.5 percent lower when compared to the corresponding quarter in 1999.

### **Price**

The Indonesian government's decision to cut export taxes on CPO and related products was the main driver in the downtrend in CPO prices during the month of September. Overall, the average CPO price dropped 4.6 percent from US\$258/MT in August to US\$247/MT in September. For comparison, the average CPO price for Sept., 1999 was US\$347/MT. RBD Palm Oil FOB average price also declined from US\$275/MT in August to \$261/MT in September. Anticipated build-up in stocks will continue to put pressure on palm oil prices in the near term.

### **Stocks**

Higher CPO production more than offset a marginal increase in PO exports, resulting in a 3.6 percent increase in the stock level at the end of August. Anticipated increase in CPO output in September will contribute to the build-up in carry-out stocks.

### **Trade**

Preliminary official exports rose from 696 TMT in July to 699 TMT in August.

**Annual Situation (Oct/Sep):**

The PS&D table for palm oil has been revised to reflect lower estimates for CPO output during the Jul - Sep quarter. Accordingly, year-end stocks were scaled down for 1999/2000 and 2000/01.

	Revised 1998/99	Prelim 1999/2000	Forecast 2000/2001
(1,000 tons)			
Beg Stock	719	1208	1330
Production	9,758	10,470	10,750
Imports	142	80	100
Total Supply	10,619	11,758	12,180
Exports	7,952	8,790	9,000
Domestic Use	1,459	1,638	1,780
Ending Stock	1,208	1,330	1,400

**Quarterly Outlook For Palm Oil:**

	1999 1/	2000 2/	1999 1/	2000 2/
	Jul-Sep	Jul-Sep	Oct-Dec	Oct-Dec
Beg Stocks 3/	1049	1036	1208	1330
Prod- East Mal	870	870	938	860
- Pen. Mal	2103	2020	2005	2040
- Total	2973	2890	2943	2900
Imports	91	30	22	20
Total Supply	4113	3956	4173	4250
Exports 4/	2433	2240	2520	2400
Dom Disap 5/	472	386	477	450
End Stocks	1208	1330	1176	1400

1/ Revised;

2/ Forecast;

3/ Stocks including crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate  
and all intra-Malaysia trade;

5/ residual

**Production:**

	1999	1999	2000	2000
	Aug	Jan-Aug	Aug	Jan-Aug
(In 1,000 MT)				
CPO:				
Pen. Malaysia	687	4700	650	4466
East Malaysia	283	1867	301	1972
- Total 1/	970	6567	951	6438
Palm Kernel : Malaysia	273	1881	279	1914
Palm Kernel Oil: Malaysia	127	829	115	858
Palm Kernel Meal: Malaysia	152	1011	137	1015

1/ Totals may not add due to rounding differences.

Includes some revisions in previous months.

**Prices:**

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Oct 99	1260	347	378	272
Nov	1201	332	360	267
Dec	1196	331	363	260
Jan 2000	1157	318	344	244
Feb	1075	304	328	237
Mar	1119	319	333	248
Apr	1227	344	363	273
May	1103	307	328	246
June	1053	291	309	239
July	1016	280	302	221
Aug 1/	984	275	294	222
Sep (till 20 th)	938	261	284	200

1/ revised

Exchange Rate (Sept. 22, 2000): US\$1.00 = RM3.799

**Stocks:**

	1999	2000	2000	2000
	Aug	June	July	Aug
(In 1,000 MT)				
Crude P. Oil	616	499	544	660
Processed PO	482	537	531	533
- Total PO	1098	1036	1075	1193
Palm Kernel	82	76	79	101
P. Kernel Oil	97	141	163	164